

1 – SCHEME DETAILS

Project Name	Gigabit Broadband Voucher Scheme (GBVS) Local Top-up	Type of funding	Grant
Grant Recipient	South Yorkshire Mayoral Combined Authority	Total Scheme Cost	Total public sector contribution: up to £1.405m
MCA Executive Board	Housing and Infrastructure	MCA Funding	Up to £505k
Programme name		% MCA Allocation	n/a
Current Gateway Stage	BJC	MCA Development costs	n/a
		% of total MCA allocation	n/a

2 – PROJECT DESCRIPTION

As agreed by Programme Board on the 17th July, the project is considered as BJC, but the information is presented in the SBC format because the detail required for the economic, commercial, financial and management cases for a BJC will not be available until after the agreement with BDUK and SYMCA is receipt of an MOU and T&C's.

Project: Gigabit Broadband Voucher Scheme (GBVS) Local Top-up

The Government is providing up to £210m worth of voucher funding as immediate help for people experiencing slow broadband speeds in rural areas as part of its Project Gigabit - Broadband Voucher Scheme. The voucher is a subsidy covered by government worth £4,500 to help cover the costs of installing gigabit broadband to premises, both residential and SME businesses, in these areas. There

is a minimum requirement of 2 premises receiving a broadband connection speed of at least 1,000 megabits per second (Mbps) per voucher.

The MCA is being asked to fund £500k grant drawn from clawback funding which is being returned to SYMCA as part of the Superfast South Yorkshire Openreach contract, as part of a local top up scheme to the Government's national voucher scheme. This is the minimum local funding contribution required to establish a local gigabit voucher top up scheme, set by Building Digital UK (BDUK), who administer both nation and local schemes. A maximum voucher value of £7,000 is proposed within the business case, meaning a maximum MCA local contribution per voucher of £2,500 (£4,500 coming from central government). This therefore would fund a minimum of 200 vouchers, or 400 premises, leveraging in £900,000 of government funding. However, as this represents the minimum number of premises per voucher benefitting if the full funding is utilised, it is hoped that the actual number will be greater.

The MCA is also being asked to fund a £50 per project admin fee payable to BDUK, who will manage the GBVS. Based on a £500,000 funding pot and a proposed maximum top up voucher value of £2,500, then around 400 premises could be supported if the maximum voucher values are claimed. The maximum admin fee would therefore be £5,000, meaning a total cost of £505,000 to the MCA.

The total cost of the project is not known, as this is dependent on the installation costs of each project as well as other variables e.g. number of premises, per voucher and number of vouchers per project, number of residents/businesses claiming vouchers etc..

The business case provides the following summary description setting out why it is not possible to accurately state the outputs and outcomes at this stage:

- *The precise number of projects supported is uncertain as this will depend upon the number of schemes brought forward supported by vouchers. Demand stimulation measures will be deployed to publicise the voucher scheme and encourage schemes being brought forward.*
- *The top up vouchers represent a maximum value which can be claimed. The actual amount claimed for each property will depend on the viability of each scheme. As such it is not possible to identify the number of properties which will be supported by the voucher scheme.*

Data will only be available as schemes are brought forward and vouchers approved by BDUK. At this point data will be available to show:

- *The number of schemes supported by the national voucher scheme*
- *The number of schemes supported by the national voucher scheme and local top up scheme*

- *The number of residential and business gigabit-capable connections delivered which are supported by the national voucher scheme, and the national voucher scheme and local top up scheme.*

Projects are to be identified on an ongoing basis until funds are depleted. However, costs to the MCA and Government, although variable, are known up to a maximum value (£505k & £900k respectively), on the basis of a £7,000 maximum voucher value limit as stated in the business case.

While individual projects are not known in detail, the project outputs are clear (i.e. a broadband connection speed of at least 1,000 megabits per second (Mbps) per premise), and based on a maximum voucher value, this poses little risk to the MCA's investment. The minimum output is that 2 premises will receive a broadband connection speed of at least 1,000 megabits per second (Mbps) at a maximum cost of £2,500 to the MCA (£7,000 to the public sector). The business case also confirms that the local top up fund can be withdrawn at any time by the MCA and any unspent funds returned.

3. STRATEGIC CASE

<i>Project rationale</i>	The project will deliver wider social and economic benefits to rural areas currently excluded from having superfast broadband. The market failure is that it is not profitable for providers to deliver superfast broadband to these areas that are typically remote, low-density with problematic terrain. This provides adequate rationale for public sector intervention.
<i>Strategic fit</i>	<p>Alignment of the project with the MCA's Core Strategic Objectives in Section 2.5 of the business case could be better explained. The response provides snippets of Cebr research, but it should be more clearly explained within the context of the project and alignment to the SEP Indicator/Outcomes. This section of the business case should be revisited.</p> <p>The applicant's response to Section 2.6 demonstrates clear alignment with the SEP's digital connectivity outcome of a higher proportion of our region covered by both full fibre & 5G broadband</p>

4. VALUE FOR MONEY / PROPOSED OUTPUTS AND OUTCOMES

No value for money assessment of the project has been provided at this stage as it is a proactive application and the take up of vouchers will only be known with certainty as the project delivers.

The applicant has presented key outputs and outcomes. These are rough estimates as the number and makeup of installations is not known at this stage and will be developed on an ongoing basis until either the MCA or national funding runs out or expires.

The key outputs/outcomes that are quantified are set out below.

- An estimated 400 individual resident and SME connections completed in hard to reach areas.
- 95% availability of Gigabit Broadband in South Yorkshire by 2025 (South Yorkshire Digital Infrastructure Strategy target) – baseline as of 29/3/2023 is 74.19%

The minimum output requiring MCA investment is that 2 premises will receive a broadband connection speed of at least 1,000 megabits per second (Mbps) at a maximum cost of £2,500 to the MCA (£4,500 to central government and £7,000 to the public sector in total). Therefore, if the full £500k of MCA funding is utilised, the minimum number of premises benefitting would be 400.

In addition to the above, the applicant sets out a qualitative assessment of the project. This is provided alongside supporting evidence by the Centre for Economics and Business Research (Cebr). While it is not clearly stated in the business case what this research represents, a website link is provided and is summarised below:

- In 2019 and 2021 the Centre for Economics and Business Research (Cebr) looked into the impact of our Full Fibre roll out. This focused on productivity and workforce benefits, concluding that the productivity boost to the economy was £59 billion.
- In 2023, Cebr updated their work. The potential boost to UK productivity now stands at £72 billion by 2030.
- The latest report highlights that a roll out could bring over half a million people back into the workforce, this includes significant numbers of women with dependent children, older workers, and informal carers.

These figures represent the impact of a full fibre roll out at national level. The applicant has not attempted to translate what this would mean at a local level within the target area as a direct result of the project. This potentially provides an opportunity for the applicant to utilise the same methodology or extrapolate data from the report to assess the economic impacts at the target area level so that the projects value for money can be understood.

The applicant's qualitative assessment is shown in the table below. In terms of Economic Value, bullet points 1 & 2 indicate the project could have potentially significant positive economic benefits. In relation to bullet 3, at a national level, all this activity would represent displacement, and is therefore not necessarily a benefit. In terms of Net Carbon Value, scoring appears possibly modest at +1. However, as stated above, all the data presented is at a national level and based on activity outside of the project.

Outcome	Score	Description
Economic Value	+2	<p>Enhanced digital connectivity can help residents enjoy better access to job opportunities and enable businesses to be more productive and support growth in the regional economy.</p> <p>Cebr research suggests that:</p> <ul style="list-style-type: none"> the time saved commuting would both create more leisure and increase productivity. Potentially annual GVA could be boosted by £59 billion by 2025. making it easy for people to work from home would be likely to bring 450,000 people whose primary task is caring, 150,000 people over 65 and 125,000 people with dependent children into the labour force. Over 270,000 people could potentially move away from London and other major cities and into suburban and rural areas. Over 93,000 more people could choose to work in rural communities compared to the present day.
Net Carbon Value	+1	<p>Cebr research suggests that by enabling more people to work from home, a Full Fibre nation could save 300 million commuting trips each year – with three billion fewer kilometres travelled by car</p>
Social Value	+1	<p>Digital connectivity enables residents and businesses to use digital solutions to improve their lives and to sustain, grow, and create new businesses.</p> <p>Cebr research recognises that time saved commuting would create more leisure time.</p>

5. RISK

Key risks and mitigations at this stage appear to have been identified. The project poses little risk to MCA investment in that MCA funding per voucher is set with known minimum outputs. At any point the MCA can withdraw funding and all unspent funds returned.

6. DELIVERY

The timetable for delivery appears reasonable and relatively straightforward.

The project is to some extent open ended, in that there is no spend timescales for the national funding. Therefore, the project will end once either MCA or Government are depleted or expire.

In relation to Subsidy Control, the business case states voucher projects are intended to address specific gaps in coverage not otherwise met by industry or other public-funded programmes. BDUKs supplier [terms and conditions](#) confirm that Gigabit Broadband Vouchers issued from 4 January 2023 date are intended to be treated as "minimal financial assistance" as described in Part 3, Chapter 2, sections 36 and 37 of The UK Subsidy Control Act 2022 (SCA 2022) see <https://www.legislation.gov.uk/ukpga/2022/23/enacted> . This should be reviewed and confirmed by SYMCA's legal team.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Approve
Payment Basis	
Conditions of Award (including clawback clauses)	
 Prior to contact (or equivalent) execution: Business case to be signed	